



December 11, 2015  
FOR IMMEDIATE RELEASE  
Seven Bank, Ltd.

### Notice of Establishment and Disclosure of the Corporate Governance Guidelines

Seven Bank, Ltd. (the “Bank”) announces that it has established and disclosed the Corporate Governance Guidelines (these “Guidelines”) on December 11, 2015.

These Guidelines set out the basic views as well as the framework and operation policies of the corporate governance of the Bank in order to achieve the Bank’s sustainable growth and enhance its medium- to long-term corporate value.

These Guidelines will be shared by the Bank’s officers and employees and constitute a commitment to the Bank’s stakeholders by external announcement. The Bank will make continued efforts to realize effective corporate governance.

(End of document)

Details on the Bank’s corporate governance may be viewed on its website.

- The page regarding corporate governance:  
<http://www.sevenbank.co.jp/english/ir/management/governance/>

# **Seven Bank, Ltd. Corporate Governance Guidelines**

## **Chapter I            General Provisions**

### **Article 1 (Purpose)**

These Guidelines set out the basic views as well as the framework and operation policies of the corporate governance of Seven Bank, Ltd. (the “Bank”) for effective corporate governance, in order to achieve the Bank’s sustainable growth and enhance its medium- to long-term corporate value.

### **Article 2 (Basic Views on Corporate Governance)**

1. As a bank that owns and operates an ATM network that manages deposits from a large number of customers and has a nature similar to that of public infrastructure, the Bank recognizes that ensuring disciplined corporate management is vital in responding to the social trust and enhancing corporate value, and seeks to ensure effective corporate governance. This is achieved by maintaining and improving its corporate governance and compliance systems to ensure transparent, fair and swift managerial decision making; clarify the roles and responsibilities of executives and employees; maintain effective management oversight; and ensure equitable operations.
2. The Bank adopts the organizational form of a Company with Audit & Supervisory Board Members to ensure effective corporate governance led by Directors with executive authority over operations who are well versed in the Bank’s operations while introducing advice and suggestions from Outside Directors who have considerable experience and insight in their areas of expertise and utilizing the management oversight functions of the Audit & Supervisory Board Members.

### **Article 3 (Positioning of these Guidelines)**

These Guidelines shall be shared by the Bank’s officers and employees and constitute a commitment to the Bank’s stakeholders by external announcement.

### **Article 4 (Revision and Abolition)**

The revision or abolition of these Guidelines shall require a resolution of the Board of Directors.

## **Chapter II            Ensuring Shareholders’ Rights and Equality**

### **Article 5 (Ensuring Shareholders’ Rights)**

The Bank shall take appropriate measures so that the rights of shareholders are substantially ensured and an environment is maintained that allows shareholders to exercise their rights appropriately.

#### Article 6 (Respect for Voting Rights at the General Meeting of Shareholders)

The Bank shall take appropriate measures so that the rights of shareholders, including voting rights, are substantially ensured at the General Meeting of Shareholders. With recognition that a General Meeting of Shareholders is an opportunity for constructive dialogues with shareholders, the Bank shall, from the standpoint of shareholders, optimize the environment relating to the exercise of shareholder rights at the General Meeting of Shareholders.

- (1) Providing necessary information accurately to allow shareholders to make appropriate judgments at the General Meeting of Shareholders.
- (2) Early dispatch and disclosure of the convocation notice of the General Meeting of Shareholders to ensure sufficient time to allow shareholders to fully examine its content.
- (3) Scheduling the General Meeting of Shareholders and related events at appropriate dates by taking into account such factors as enhancement of the quality of dialogues with shareholders and the provision of correct information.
- (4) Allowing not only the shareholders attending the General Meeting of Shareholders but also all shareholders to exercise their voting rights appropriately by providing an electronic means of exercising voting rights and an English translation of the convocation notice, etc.
- (5) If a proposal has been approved at the General Meeting of Shareholders with a significant number of disapproving votes, the Bank will analyze the reasons of such opposition and what caused such a significant number of disapproving votes, and study to take necessary measures.

#### Article 7 (Related Party Transactions)

1. To protect the interests of shareholders, the Bank shall take measures to prevent any related party of the Bank, such as an officer, from conducting transactions that would harm the interests of shareholders by taking advantage of its position.
2. Any significant or extraordinary transaction with the Bank's Directors, Audit & Supervisory Board Members and/or major shareholders shall require the approval of the Board of Directors.

#### Article 8 (Strategic Shareholdings)

1. The Bank makes it a basic policy not to hold the shares of other companies as strategic shareholdings unless those holdings are considered meaningful. Strategic shareholdings are considered meaningful if they are judged to contribute to the preservation and enhancement of corporate value of the issuing business partner and the Bank based on the results of studies on their profitability and other factors both current and projected.

2. The Bank regularly shall examine the returns, risks and other issues concerning each stock of strategic shareholdings at meetings of the Board of Directors to confirm the purpose and rationale for these holdings.
3. The Bank shall exercise its voting rights relating to strategic shareholdings upon comprehensive consideration of whether an issuer makes appropriate decisions to improve its corporate value over the medium to long term through appropriate corporate governance systems, as well as possible effects on enhancing the Bank's corporate value. Whether to vote for or against specific proposals at General Meetings of Shareholders shall be considered through dialogue with the issuers and studies conducted by the department in charge.

### **Chapter III Relationships with Stakeholders Other Than Shareholders**

#### **Article 9 (Positive and Smooth Relationships with Stakeholders Other Than Shareholders)**

1. The Bank shall respect various stakeholders, including customers, officers and employees and local communities, and maintain positive and smooth relationships with them for the improvement of its medium- to long-term corporate value.
2. To promote a smooth collaboration with stakeholders other than shareholders, respect their interests and share the spirit presented in its Management Ethos Group-wide, the Bank shall set forth its action guidelines concerning its overall operations through the Charter of Ethics, the Basic Policy on Compliance, the Compliance Standards, etc., and familiarize all officers and employees of the Group with these guidelines.
3. The Bank shall proactively address social and environmental issues concerning sustainability in line with its Basic Policy on CSR and others.
4. The Bank shall promote the diversity of the workplace, such as encouraging greater involvement of female employees, in order to develop a corporate culture featuring diversity.
5. To discover and correct any violations of laws and regulations by the Bank's officers and employees, the Bank shall maintain a whistleblowing system and establish an external contact independent of the Bank, and operate these systems appropriately.

### **Chapter IV Ensuring Appropriate Information Disclosure and Transparency**

#### **Article 10 (Information Disclosure and Transparency)**

1. In line with the policies relating to information disclosure, including the IR Policies, which are formulated to maintain and increase the trust of stakeholders by enhancing the quality of disclosure, the Bank shall voluntarily disclose important managerial information in a fair manner and through lawful and appropriate means.
2. The following items shall be disclosed to ensure effective corporate governance.
  - (1) The Bank's Management Ethos, management strategies and management plans

- (2) The Bank's basic views and policy on corporate governance
- (3) Policy and procedures for determining directors' compensation
- (4) Policy and procedures for nominating candidates for Director/Audit & Supervisory Board Member
- (5) Reasons for nomination of individual candidates for Director/Audit & Supervisory Board Member
3. The disclosure of information shall be made in easy-to-understand content and through various means to facilitate access from shareholders.
4. From the perspective of international information disclosure, the disclosure or provision of information in English shall be promoted within a range required.

#### Article 11 (Accounting Auditor)

1. The independence of the accounting auditor shall be ensured.
2. To ensure appropriate audits by the accounting auditor, the Audit & Supervisory Board shall take measures as follows.
  - (1) Establish the standards for selecting and evaluating the accounting auditor appropriately.
  - (2) Confirm whether the accounting auditor is qualified to perform accounting audits of the Bank in terms of their independence and expertise.
3. To ensure appropriate audits by the accounting auditor, the Board of Directors and the Audit & Supervisory Board shall take measures as follows.
  - (1) Secure sufficient time for audits to enhance the quality thereof.
  - (2) Provide opportunities for the accounting auditor to obtain information from the Bank's Directors with executive authority over operations, etc. as necessary.
  - (3) Ensure sufficient collaboration between the accounting auditor and the Bank's Audit & Supervisory Board Members, the department in charge of internal audit and the Outside Directors.
  - (4) Develop a system to respond to cases where the accounting auditor requests appropriate measures to the Bank upon discovering injustice or points out flaws or issues.

## **Chapter V Corporate Governance Systems**

#### Article 12 (Structure of the Board of Directors and Others)

1. The Board of Directors shall make important decisions on the execution of business operations appropriately while including independent outside directors to enable sufficient supervisory functions over the execution of business operations.
2. Two or more independent outside directors shall be appointed among the Directors.
3. The Board of Directors shall consist of Directors with diverse areas of expertise and experience,

and maintain an appropriate number of members that enables the most effective and efficient delivery of its functions, without exceeding 11 as stipulated by the Articles of Incorporation.

4. Under the Board of Directors is established the Executive Committee as a deliberative body concerned with operational implementation within the scope delegated by the Board of Directors. The Executive Committee shall meet to deliberate on the formulation or amendment of business plans; the acquisition and disposal of assets; credit provision-related issues; the payment of debts and expenses; credit management issues; rewards and sanctions for employees; issues related to employees' working conditions and benefits; the establishment, change and abolition of elements of the organization; and the formation, revision and elimination of rules and policies, in addition to conferring on issues to be deliberated by the Board of Directors prior to its meetings. The Executive Committee shall comprise Executive Officers and others as nominated by the Board of Directors.

#### Article 13 (Duties of the Board of Directors)

1. Pursuant to the Companies Act, the Board of Directors shall make decisions on the execution of the Bank's important business operations and supervise the execution of duties of Directors with executive authority over operations and Executive Officers (hereinafter collectively referred to as "executive officers").
2. The Board of Directors shall propose to the General Meeting of Shareholders that the resolution of matters to be resolved at the General Meeting of Shareholders be partially delegated to the Board of Directors pursuant to laws and regulations in consideration of the specialization of the matters to be resolved and for the flexibility of managerial decisions.
3. Pursuant to laws, regulations and internal regulations, the Board of Directors shall delegate the execution of and decisions on business operations other than those reserved for the Board of Directors to the subordinate meetings, including the Executive Committee, or executive officers and demonstrate the supervisory function on management.
4. The Board of Directors and executive officers shall fulfill their own responsibilities for the execution of duties, while promoting mutual communication.
5. The Board of Directors shall appropriately supervise a plan on successors to the position of the President, etc., in light of the Bank's Management Ethos, specific management strategies and other factors.
6. The Board of Directors shall reflect the Bank's medium- to long-term business performance and potential risks in the compensation for executive officers, while offering reasonable incentives.
7. The Board of Directors shall handle the personnel matters for executive officers, including appointment and dismissal thereof, in an appropriate manner based on the evaluation of the Bank's business results and others by following highly fair and transparent procedures.

8. The Board of Directors shall establish and maintain internal control systems regarding compliance and financial reporting, as well as risk management systems in an appropriate manner and monitor whether these systems are operated effectively, in order to provide the environment for enabling appropriate risk-taking by executive officers.
9. The Board of Directors shall analyze and evaluate whether its duties are executed in accordance with these Guidelines on a yearly basis and disclose the results.

#### Article 14 (Operation of the Board of Directors)

1. The Board of Directors shall ensure a constructive relationship between executive and non-executive officers, including issues raised by Outside Directors, to enable frank and constructive discussions and exchanges of opinion.
2. The agenda, the time of deliberations and the frequency of meetings of the Board of Directors shall be determined so that necessary and sufficient discussion may be conducted to make decisions on the execution of important business operations and supervision of the execution of duties.
3. To ensure effective opinions, comments and questions at the meeting of the Board of Directors, dispatch of reference materials or explanation shall be provided as necessary in consideration of sufficient time for attendants to prepare in advance with regard to the matters proposed and reported to the Board of Directors.
4. The annual schedule for the meetings of the Board of Directors and the matters to be proposed and reported thereto shall be determined in advance.

#### Article 15 (Directors)

1. Directors as members of the Board of Directors shall supervise the execution of business operations by executive officers.
2. For the execution of their duties, Directors shall collect sufficient information and demand explanations at the meeting of the Board of Directors, actively exchange opinions for substantive discussion and exercise their voting rights. Directors shall receive reports from the department in charge of internal audit and obtain advice from outside experts as necessary.
3. Directors shall endeavor to solve managerial issues that came to their knowledge by exercising their rights to propose items on the agenda and to request the convocation of the meeting of the Board of Directors in a timely and appropriate manner.
4. To respond to the entrustment of shareholders, Directors shall display the capabilities expected of them and spend adequate time to execute their duties.
5. Directors and Executive Officers shall recognize their fiduciary responsibility to shareholders and act for the Bank and the common interests of shareholders, while ensuring appropriate

collaborations with stakeholders.

#### Article 16 (Criteria for Selecting Candidates for Director)

1. A candidate for Director must have a significant track record, high capabilities and deep insights in his or her area of expertise, as well as a full understanding of the social mission and responsibilities of the banking business, and must be capable of pursuing corporate management and business operations in a highly disciplined manner, thereby contributing to the further development of the Group.
2. Any of the following shall disqualify a candidacy for Director.
  - Having any form of relations with antisocial forces, or
  - Violations of law and/or internal regulations in the course of conducting duties and/or legal violations in association with personal matters.

#### Article 17 (Audit & Supervisory Board Members)

1. Each Audit & Supervisory Board Member is an independent single-person organ with the authority to investigate business operations and properties, and as such shall audit the execution of duties by Directors. Audit & Supervisory Board Members shall recognize their fiduciary responsibility to shareholders and work for the establishment of good corporate governance systems to ensure the sound and sustainable growth of the Bank and help meet its expectations of social trust, while ensuring appropriate collaborations with stakeholders.
2. In accordance with the auditing policies and the assignment of audits determined by the Audit & Supervisory Board, Audit & Supervisory Board Members shall audit the status of execution of duties by the Bank's Directors by attending the Bank's important meetings, including those of the Board of Directors, to receive reports on the execution of duties from Directors, etc.; inspecting important approval documents and others; maintaining communication with the department in charge of internal audit and subsidiaries; receiving reports from the accounting auditor; and/or by other means. In addition, Audit & Supervisory Board Members shall actively exercise their rights at the important meetings they attend, including meetings of the Board of Directors, and express their opinions appropriately to Directors, etc. as necessary.
3. Audit & Supervisory Board Members shall investigate whether any wrongful act is conducted by Directors in the course of their execution of duties or if there are any material facts in violation of laws, regulations or the Articles of Incorporation.
4. Audit & Supervisory Board Members shall audit the status of systems for ensuring the appropriateness of the Bank's business operations (hereinafter referred to as "internal control systems"), including the internal control over financial reporting.
5. Each Audit & Supervisory Board Member shall collect the information required to execute

his/her own duties by maintaining communication with the Bank's Directors and the accounting auditor, and cooperating with other Audit & Supervisory Board Members and the departments in charge of internal audit and internal control.

6. At least one person with adequate knowledge on finance and accounting shall be appointed among Audit & Supervisory Board Members.

#### Article 18 (Criteria for Selecting Candidates for Audit & Supervisory Board Member)

1. A candidate for Audit & Supervisory Board Member must have a significant track record, high capabilities and deep insights in his or her area of expertise, as well as a full understanding of the social mission and responsibilities of the banking business, and must be capable of auditing the status of Directors' execution of duties from a fair and objective standpoint, thereby contributing to the enhancement of the soundness and transparency of corporate management.
2. Any of the following shall disqualify a candidacy for Audit & Supervisory Board Member.
  - Having any form of relations with antisocial forces, or
  - Violations of law and/or internal regulations in the course of conducting duties and/or legal violations in association with personal matters.

#### Article 19 (Outside Officers)

1. Outside Directors and Outside Audit & Supervisory Board Members (hereinafter collectively referred to as "outside officers") shall provide advice based on their own expertise from the perspective of promoting the Bank's sustainable growth and the improvement of its medium- to long-term corporate value.
2. Holding a position independent of executive officers and controlling shareholders, outside officers shall reflect the opinions of stakeholders, including minority shareholders, in the discussions at the meeting of the Board of Directors.
3. Outside officers shall provide advice from the perspective of enhancing the fairness of decisions and actions of the Board of Directors and the Audit & Supervisory Board, in order to achieve the most effective corporate governance.
4. Outside officers shall seek exchange of information and shared recognition on matters concerning the Bank's corporate governance and business operations from independent and objective standpoints.
5. With regard to important matters concerning the execution of business operations, outside officers shall address the risks containing various conflicts of interest that may inevitably arise in the course of the execution of such operations by utilizing their knowledge and experience obtained in and outside the Bank and provide frank opinions on such matters from an outside viewpoint to ensure the Bank's sustainable growth and the enhancement of its medium- to

long-term corporate value.

6. In case outside officers find any suspected cases of illegal execution of duties based on the information they obtain, outside officers shall investigate such cases and express opinions thereon at the meeting of the Board of Directors, irrespective of whether they are matters to be reported to the meeting of the Board of Directors.
7. The Independence Standards for Outside Officers shall be established and disclosed. In principle, outside officers shall meet the independence requirements stipulated by the Tokyo Stock Exchange, on which the Bank is listed, and the Bank's own such standards.

#### Article 20 (Compensation Committee)

1. As an auxiliary organization to the Board of Directors, the Bank has established the Compensation Committee chaired by an independent outside director. The committee is delegated by the Board of Directors to recommend candidates for Director to be put on the agenda at a General Meeting of Shareholders, to recommend candidates for Executive Officer to be put on the agenda at a meeting of the Board of Directors and to supervise a plan on successors to the position of Director, etc.
2. The Compensation Committee shall deliberate the following matters regarding the Bank's Directors and Executive Officers.
  - (1) Compensation and bonuses
  - (2) Other important matters concerning compensation
  - (3) Selection of candidates for Director or Executive Officer
  - (4) Other important personnel matters regarding Directors

#### Article 21 (Compensation for Directors and Audit & Supervisory Board Members)

1. Compensation for Directors is determined by comprehensively taking into account factors including contribution to the Bank, content and importance of duties, performance of duties and years in office, within the annual limits for directors' compensation and stock option compensation approved by the General Meeting of Shareholders. The Compensation Committee proposes to the Board of Directors content of such compensation, and the final decision is made by resolution of the Board of Directors.
2. The system of determining compensation for Audit & Supervisory Board Members shall be separate from that for Directors. Compensation for Audit & Supervisory Board Members is determined through discussion by the Audit & Supervisory Board within the annual limits approved by the General Meeting of Shareholders.

Article 22 (Support Systems and Training Policies for Directors and Audit & Supervisory Board Members)

1. Necessary and sufficient internal systems for enabling Directors and Audit & Supervisory Board Members shall be provided to fulfill their roles and responsibilities in an effective manner.
2. Directors and Audit & Supervisory Board Members shall be provided with necessary opportunities to enable them to fulfill their roles, such as the information and knowledge relating to the business activities that would be necessary to supervise corporate management when they take office and continually thereafter.
3. Systems for sharing a sufficient amount of the Bank's internal information with outside officers shall be created.
4. Outside officers shall be encouraged to deepen their understanding of the Bank's Management Ethos and corporate culture, being provided with information on the Bank's business environment and other issues on a continuous basis.
5. An environment shall be maintained and improved for outside officers to mutually share information and exchange ideas, such as periodic meetings with executive officers and/or other non-executive officers.
6. The expenses required for outside officers to fulfill their roles shall be borne by the Bank.

**Chapter VI        Dialogues with Shareholders**

Article 23 (Dialogues with Shareholders)

1. The Bank shall hold constructive dialogues with its shareholders within a range and using a method that is deemed appropriate by the Bank to contribute to the sustainable growth of the Bank and the medium- to long-term enhancement of its corporate value.
2. Policies for systems and measures to promote constructive dialogues with shareholders are as follows.
  - (1) Dialogues with shareholders in general shall be supervised by the officer in charge of the Planning Division. When having a dialogue with shareholders, the related departments shall appropriately exchange information and cooperate organically with each other, led by the Planning Division.
  - (2) A dialogue with shareholders shall be handled by a Director or an equivalent person within a reasonable range.
  - (3) Briefings for investors shall be held periodically to expand the range of means for dialogue with shareholders.
  - (4) Opinions, etc., of shareholders obtained through dialogues therewith shall be reported to a Director or an equivalent person periodically.

- (5) A dialogue with shareholders shall be carried out in accordance with the relevant internal regulations, while handling insider information in an appropriate manner.
3. To promote constructive dialogues with shareholders, the composition of the Bank's shareholders shall be confirmed periodically.
  4. When formulating and announcing a management plan, the content of the plan shall be described in concrete terms by clarifying basic policies on profit planning and capital policy and targets for earning power, capital efficiency and others.

(Established December 11, 2015)

[Attachments]

- Corporate Principles
- Management Ethos
- Charter of Ethics
- Basic Policy on CSR
- Basic Policy on Information Disclosure
- IR Policies
- Independence Standards for Outside Officers